THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) and (b) Of the 21 Bulk Drugs required for National Health Programmes which were listed in the First Schedule of the DPCO 1987, 4 for price control continue to remain under price control under the DPCO 1995. These 4 Bulk Drugs which are under price control will have a MAPE of 100 per cent in accordance with the "Modifications in the Drug Policy, 1986" and this would involve an increase in their prices of about fourteen per cent. Some drugs which were under price control in accordance with the provisions of the DPCO 1987 have gone out of price control and some drugs which were outside price control under the DPCO 1987 have now come under price control in the DPCO 1995 in accordance with the simplified and transparent criteria of turnover and competition adopted in the Modifications in the Drug Policy 1986.

The Associations of the Pharmaceutical Industry have been advised to caution their members to exercise restraint and self discipline in respect of prices of medicines which have gone out of price ontrol and ensure that their prices are not raised unreasonably.

Fertilizer pricing policy

1723. DR. NAUNIHAL SINGH: Will the Minister of CHEMICALS and FERTILIZERS be pleased to state:

(a) whether it is a fact that Government's decision to put the economic reform programme on hold is clearly reflected in the sixth fertilizer pricing policy approved by Government;

(b) whether it is fact that the retention pricing scheme is just another method of subsidising the inefficient producers by providing them with cheap capital;

(c) whether in an economy where capital resources are scare, Government seems too keen to provide cheap lunches to the domestic fertiliser industry; and

(d) what are the other better ways of helping it to imrove financial performance in the industry?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (d) In order to compensate the manufacturers for lower realisation in the form of sale price of controlled fertilizers as compared to thier cost of production (i.e. cost of production plus reasonable return on networth as determined by the Government as retention price for each unit), the difference between the retention price and the notified sale price is paid to the individual manufacturing units under the Retention Price-cum-Subsidy Scheme (RPS).

The retention price of controlled fertilizers are fixed once in three years after scrutinising cost data from the units. Accordingly, the norms for Sixth Pricing Period commencing from 1-4-1991 have been announced recently. The finalisation of norms for each pricing period is an exercise which does not have any direct bearing of the economic reforms programme of the Government. So long as the practice of statutorily notifying the sale prices of controlled fertilizers continues, there has to be a mechanism for compensating the producers for lower realisation from the sale prices compared to their cost of production.

Encouragement to R @ D in New Drug Policy

1724. DR. NAUNIHAL SINGH: Will the Minister of CHEMICALS & FERTILIZERS be pleased to state:

(a) whether it is a fact that no specific measures in the New Drug Policy have been provided to encourage investment in Research and Development; if so, the reasons for such a flaw in the policy;

(b) whether it is a fact that the prices of pharmaceutical products will rise after price controls on certain drugs are lifted, if so, what is the extent of rise in prices anticipated by Government; and